

PATENT COMMITTEE MINUTES

October 10, 1983

The Patent Committee met on Monday, October 10, in the Research Center in Richmond. Members present included the following: Messrs. Adkins, Brooks, Meyer, Palmer, Pollak, Schardt, Thomson, and Turano; Drs. Farone, Gaisch, Hausermann, Osdene, and Seligman and Mrs. Hutcheson. Mr. Kay represented Engineering for Mr. Taylor.

Mr. Adkins, Chairman, called the meeting to order. The following topics were discussed:

I. RJR Infringement Suit

Mr. Schardt reported on the status of the trial which began on October 3. He noted that, following opening statements by counsel for Philip Morris and Reynolds, much of the first week was devoted to cross-examination of Dr. William C. Johnson, an expert witness for Reynolds. Mr. Schardt also provided information regarding the tentative schedule of witnesses for the week of October 10. According to Mr. Schardt, it appears that the trial is proceeding well for Philip Morris at this time.

The Committee agreed that a copy of Dr. Whidby's report entitled "A Study of the Interaction of CO₂ with the Tobacco-Water Matrix" be sent to counsel for Rothmans by Fish & Neave.

II. Barclay-U.S. and European Status

Mr. Adkins reported that U.S. District Court Judge Gerhard Gesell is expected to render a decision, possibly by the end of October, with respect to the FTC versus Brown and Williamson suit. At issue is whether the current FTC methodology for measuring tar and nicotine delivery is accurate for use in determining deliveries for products having grooved filters. At the present time, B&W continues to advertise its product as a one-mg-tar cigarette; however,

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reference to the FTC method has been deleted.

Bradley Brooks and Helmut Gaisch presented an overview of the Barclay-related events that have taken place in Holland, Finland, Belgium and Switzerland during the past few months. The complexity of the issues prevents a full discussion in the minutes. Introduction of the product in Germany and France in the near future does not seem likely; however, the situation in Italy is less clear at this time.

III. PM/B&W Interference

Mr. Palmer reported that the interference with respect to denitrification patent applications of PM and B&W was proceeding well. The cross-licensing agreement which would permit use of the process by both companies has been executed by B&W and is currently waiting approval and signature by PM Management.

IV. Filter Materials Ltd.

Mr. Meyer reported that research and equipment design are underway by the joint venture company, designated Filter Materials Ltd., to develop low-weight polypropylene filters for potential use in third world countries. Alternate adhesives are being studied by R&D personnel; however, BAT has granted a license to Bridon to use its adhesive formulations if the need arises. The royalty is based on use, with the royalty increasing as production and use increases.

V. Microwave Moisture Detectors

Mr. Turano reported that Dr. Steinbrecher has requested a license agreement from Philip Morris whereby he may sell the off-line, L-band microwave moisture detectors. It was agreed to grant a non-exclusive license under U.S. Patent 4,358,731 and its foreign equivalents, to Dr. Steinbrecher with a 10% royalty per unit to be based on the selling price. The agreement will be prepared by the Patent Department.

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Dr. Steinbrecher has agreed verbally to grant Philip Morris a non-exclusive paid-up license under his recently issued U.S. Patent 4,381,485, which describes an automated system for use with the microwave moisture detectors.

VI. Recent License Agreements

a) Washington University

Mr. Meyer reported that Philip Morris has obtained an option to take a license under a pending U.S. patent application which relates to micro-encapsulation of liquids or gas as developed by Dr. Sparks of Washington University. Pending further development work with encapsulated flavors for smoking articles, a decision will be made as to whether an actual license agreement is warranted.

b) Filtrona MPF Filter

Mr. Meyer noted that Philip Morris is currently negotiating with Filtrona regarding technology for making its multi-pneumatic filter (MPF). The MPF filter is said to be a high crimp, low density CA tow plug which has potential for significant weight savings. The MPF filter can be produced as a wrapless plug which could represent savings.

c) Crop Genetics, International

Dr. Farone reported that Philip Morris has signed a letter of intent with Crop Genetics International (CGI) with respect to joint research projects for the development of new genotypes of tobacco. The current letter of intent does not address patent related matters; however, efforts are currently underway to negotiate a contract covering the research work as well as patents and know-how.

Dr. Whidby presented a brief overview of some of the short and long-term

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goals for the joint research program with CGI.

Mrs. Hutcheson discussed the patent or certification options available for obtaining protection for plant-related technology both in the U.S. and abroad.

Tentative dates for Committee meetings in 1984 were agreed upon as follows:

Wednesday, January 18, 1984

Wednesday, April 18, 1984

There being no further business, the meeting was adjourned so that the Foreign Filing Subcommittee could convene.



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